

Direct Testimony
of
Sheena Kight-Garlich
Finance Department
Financial Analysis Division
Illinois Commerce Commission

Ameren Illinois Company d/b/a Ameren Illinois
Rate MAP-P Modernization Action Plan – Pricing Annual Update Filing

Docket No. 20-0308

June 25, 2020

Q1. Please state your name and business address.

A1. My name is Sheena Kight-Garlich. My business address is 527 East Capitol Avenue, Springfield, Illinois 62701.

Q2. What is your current position with the Illinois Commerce Commission (“Commission”)?

A2. I am a Senior Financial Analyst in the Finance Department of the Financial Analysis Division.

Q3. Please describe your qualifications and background.

A3. In May of 1998, I received a Bachelor of Business degree in Finance and Marketing from Western Illinois University in Macomb, Illinois. I earned a Master of Business Administration degree, with a concentration in Finance, also at Western Illinois University in May of 2001. I have been employed by the Commission since January of 2001. I was promoted to Senior Financial Analyst on October 1, 2004.

Q4. What is the purpose of your testimony?

A4. I will present the fair rate of return on rate base for Ameren Illinois Company (“AIC”) pursuant to Section 16-108.5(c) of the Public Utilities Act (“Act”).

Q5. Have you reviewed the dollar amounts, percentages, and costs of the components of the proposed rate of return on rate base presented in AIC Schedule FR D-1?

A5. Yes.

Q6. Do you recommend any adjustments to AIC's proposed capital structure?

A6. No. Given current investor perceptions of the Company's operating risk seen through the filter of the credit rating agencies,¹ the proposed capital structure presented in Ameren Exhibit 1.2, Schedule FR D-1 reasonably balances the cost advantage of tax deductible interest expense that comes from employing debt as a source of capital against the financial strength needed to raise capital under most capital market conditions that comes from employing common equity as a source of capital. Further, AIC's proposed capital structure, which contains 50% common equity, complies with Section 16-108.5(c)(2) of the Act.

Q7. Do you recommend any adjustments to AIC's proposed rate of return on rate base for either the filing year or reconciliation year?

A7. No. The rate of return on common equity complies with Section 16-108.5(c)(3) of the Act and the Company has accurately calculated the prudent and reasonable costs of the other components of the capital structure to the nearest 0.001%. Therefore, I agree that the fair overall rate of return on rate base for AIC for both the filing and reconciliation year is 6.393%² as shown below:

¹ Ameren Schedule WPD-8, parts 1-6.

² Ameren Ex. 1.2 Schedule FR D-1, 13.

<u>Component</u>	<u>Weight</u>	<u>Cost</u>	<u>Weighted Cost</u>
Short-Term Debt	0.000%	1.941%	0.000%
Long-Term Debt	49.158%	4.353%	2.140%
Preferred Stock	0.834%	4.979%	0.042%
Common Equity	50.000%	8.382%	4.191%
Bank Facility Costs			0.020%
Total Capital	<u>100.000%</u>		<u>6.393%</u>

38 **Q8. Does this conclude your prepared direct testimony?**

39 A8. Yes.